

Mr. Sherwood
13 February 1946

Mr. Percy Sherwood
Head, Audit Division "C"
Room 4551
Bureau of Internal Revenue Bldg.
Washington, D. C.

Re: Special Procedure with Respect to 1945
Information Returns (Forms 1099 & W-2)

Dear Mr. Sherwood:

STATINTL
STATINTL

Please refer to the previous letters from the Office of Strategic Services signed by Lt. Colonel [redacted], dated 29 January 1944 and 6 February 1945, regarding the special procedure for the filing of 1943 Information Returns with respect to certain employees of the Office of Strategic Services paid out of [redacted]. It is respectfully requested that this office be allowed to follow the same procedure in connection with the filing of 1945 Information Returns with respect to such employees, namely:

STATINTL

STATINTL

1. Statement of Income Tax Withheld (Form W-2)--
Reporting the amount of salary paid to the employee
and the amount of income tax withheld.

STATINTL

STATINTL

[redacted], Special Funds Officer, Office of Strategic Services and Strategic Services Unit, employer, will file with you (i) Form W-1, (ii) Form W-3, and (iii) a duplicate of Form W-2 and/or Form W-2a for each employee paid out of unvouchered funds during the calendar year of 1945 whose compensation was subject to the withholding tax. Ordinarily, the duplicate of Forms W-2 and W-2a would be filed by Mr. [redacted] with the Collector of Internal Revenue, Baltimore, Maryland. However, in accordance with the procedure agreed upon, these forms will be filed with and audited by your office, and will then be sent by you in triplicate directly to the Sorting Section of the Bureau of Internal Revenue. After the audit has been completed by you, and you are satisfied as to the correctness of the Forms W-1 and W-3, you will transmit said

Percy Sherwood

13 February 1946

STATINTL

forms, together with (i) a covering letter stating that copies of Form W-2 and/or W-2a have been filed with your office under a special arrangement and that Forms W-1 and W-3 are correct, and (ii) Mr. [redacted] checks and supporting receipts, to the Collector of Internal Revenue, Baltimore, Maryland. The forms W-2 and W-2a will show the employer as the United States Government. It is understood that the purpose of this procedure is to provide security for the operations of the Strategic Services Unit and its employees paid from unvouchered funds.

2. Information Returns (Form 1099)--Reporting the amount of salary paid to employees from whom no income tax was withheld, the major part of their services for the Office of Strategic Services and the Strategic Services Unit during the calendar year having been performed outside the United States.

This office will prepare one copy of Form 1099 for each such employee. The form will show the employer as the United States Government. The copy will not be filed with the Bureau of Internal Revenue, but will be given to the employee upon his return to this country, with instructions to attach the copy of his 1945 income tax return, which he will file with the collector of Internal Revenue in his home district. If any such employee desires to have his return filed in his absence by a duly constituted agent in this country, the copy of Form 1099 will be furnished to such agent with the same instructions.

3. All employees of the Office of Strategic Services and the Strategic Services Unit paid from unvouchered funds will file their income tax returns in the same manner as any other person, but will indicate their employer as the United States Government and not the Office of Strategic Services or Strategic Services Unit.

If the above is acceptable to you, will you or some other authorized official of the Bureau kindly initial and return to me the inclosed copy of this letter?

Very truly yours,

STATINTL

STATINTL

JSW:ffl

cc: [redacted]